

No. **2023-7739**

**Official Order
of the
Texas Commissioner of Insurance**

Date: 01/17/2023

Subject Considered:

Cimarron Insurance Company, Inc.
7301 Carmel Executive Park Dr., Ste. 102
Charlotte, North Carolina 28226-4210

Consent Order
TDI Enforcement File No. 30218

General remarks and official action taken:

This is a consent order with Cimarron Insurance Company, Inc. (Cimarron). For calendar year 2020, Cimarron reported over \$2.2 million in direct workers' compensation premium written in Texas. In calendar year 2021 in Texas, Cimarron had reduced its annual workers' compensation premium by 75 percent or more and had reduced its total annual premium by 50 percent or more, all without filing a withdrawal plan for approval by the commissioner. Cimarron has agreed to pay an administrative penalty of \$25,000.

Waiver

Cimarron acknowledges that the Texas Insurance Code and other applicable law provide certain rights. Cimarron waives all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

Findings of Fact

Background

1. Cimarron is a foreign fire and casualty company domiciled in Arizona and holds a certificate of authority to transact business in Texas.

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2. Texas law requires an insurer to file a withdrawal plan with the department for approval by the commissioner if the insurer proposes to:
 - a. reduce its total annual premium volume by 50 percent or more; or
 - b. reduce its annual premium by 75 percent or more in a line of insurance in this state.
3. By law, an insurer that withdraws from writing all lines of insurance in this state may not, without commissioner approval, resume writing insurance in this state before the fifth anniversary of the date of the withdrawal.

Unapproved Withdrawal

4. In its annual financial statement for calendar year 2020, Cimarron reported over \$2.2 million in direct workers' compensation premium written in Texas.
5. In its annual financial statement for calendar year 2021, Cimarron reported negative direct workers' compensation premium written in Texas. However, because Cimarron also reported \$390,575 in direct premium written for a new line of business, other commercial automobile liability, Cimarron did not completely exit the Texas insurance market.
6. Cimarron did not file any plan with the department for commissioner consideration before withdrawing from the Texas workers' compensation market or before reducing its total annual premium volume by 50 percent or more.
7. On or about July 5, 2022, the department discovered Cimarron's failure to file a withdrawal plan when Cimarron appointed two different managing general agents to act on its behalf, specifically Axis General Agency, LLC (Axis) and Cencal Insurance Services, Inc. (Cencal).¹
8. Soon after, Cimarron authorized Axis, through a third-party filer, to submit certain form, rate, and underwriting guidelines filings to the department for a private passenger automobile insurance program.² According to TDI records, Cimarron

¹ Axis and Cencal are licensed under firm identification nos. 192742 and 192882, respectively.

² On July 18-19, 2022, SERFF tracking nos. PARE-133333836 (policy forms) and PARE-133333798 (underwriting guidelines) were rejected because these filings used the incorrect name for Cimarron.

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had withdrawn from the private passenger automobile market in 1998, more than 20 years ago.

9. On October 19, 2022, Cimarron withdrew its private passenger automobile filings for the Axis private passenger auto program.³

Mitigating Circumstances

10. Cimarron represents that in 2021 it did not intend to fully withdraw from the workers' compensation market, but rather intended to re-position its risk profile, underwriting processes, and reinsurance, which necessitated adjustments to its operations and reinsurance treaties.
11. Cimarron further represents that it intends to grow in Texas and as of July 31, 2022, had increased its direct written premium to approximately \$3.8 million in two lines of business: other commercial automobile liability and inland marine.
12. Cimarron represents that in August 2022 it hired a compliance manager.
13. On November 2, 2022, Cimarron cancelled both Axis's and Cencal's appointments for cause.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 801.051–801.053, and 827.006–827.007.
2. The commissioner has the authority to informally dispose of this matter as set forth in TEX. GOV'T CODE § 2001.056; TEX. INS. CODE §§ 36.104 and 82.055; and 28 TEX. ADMIN. CODE § 1.47.
3. Cimarron has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.

³ The withdrawn filings included SERFF tracking nos. PARE-133341364 (policy forms), PARE-133343069 (rates), and PARE-133338677 (underwriting guidelines).

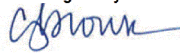
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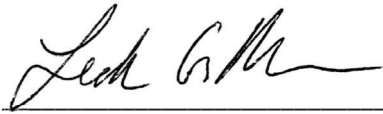
4. Cimarron violated TEX. INS. CODE § 827.003(1)-(2) and 28 TEX. ADMIN. CODE § 7.1804(a)(1) by failing to file a withdrawal plan for approval by the commissioner.

Order

It is ordered that Cimarron Insurance Company, Inc. must pay an administrative penalty of \$25,000 within 30 days from the date of this order. The administrative penalty must be paid as instructed in the invoice, which the department will send after entry of this order.

DocuSigned by:

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Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Rachel Cloyd, Director
Enforcement

Affidavit

STATE OF North Carolina §
COUNTY OF Mecklenburg §

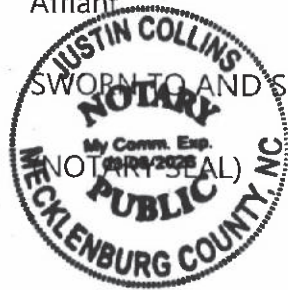
Before me, the undersigned authority, personally appeared Paul U.H. Halter III, who being by me duly sworn, deposed as follows:

"My name is Paul Halter. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of CEO and am the authorized representative of Cimarron Insurance Company, Inc. I am duly authorized by said organization to execute this statement.

Cimarron Insurance Company, Inc. has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

Paul Halter
Affiant



SWORN TO AND SUBSCRIBED before me on January 4th, 2023.

Justin Collins
Signature of Notary Public

Justin Collins
Printed Name of Notary Public